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STATE FOR WHA/BSC AND EB/IFD/OIA
STATE PASS TO USAID FOR LAC/AA
STATE PASS TO USTR FOR LYANG
NSC FOR SUE CRONIN
TREASURY FOR OSIA MAUREEN WAFER
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR
COMMERCE FOR ITA SARAH COOK
SOUTHCOM FOR POLAD

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SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE, JANUARY
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1. (U) Summary

-- Duarte and Dominguez Dibb in Tight Race for ANR Presidency
-- Ambassador Presents Credentials to President Duarte
-- Who Owns the Plane?
-- Thousands March to Commemorate the Anniversary of End of
Stroessner's Rule

Duarte and Dominguez Dibb in Tight Race for ANR Presidency

1.2. (U) A series of polls covered in this week's Ultima Hora, a local daily, indicate a tight race between the two party presidential candidates in the heated and much publicized internal Colorado Party (ANR) elections. The polls, conducted by "independent" polling agency COIN, indicate that 42.2 percent of those polled would vote for President Duarte and 42.9 percent would vote for his competitor, Oswaldo Dominguez Dibb (ODD). The polls also suggest that registered ANR voters in the city of Asuncion and the Central Department favor ODD, while those in the interior of the country favor Duarte. However, many ANR voters are unaware that according to the decision made by the Elections Tribunal, Duarte would not be able to exercise his right to run the party should he win the elections. When polled with this information, 46 percent of registered ANR voters indicated they would favor ODD vice Duarte who would earn only 35 percent of the votes. Paraguay's polls are not renowned for their reliability or independence. Most commentators still give Duarte the edge, though it is apparent ODD is giving him a tough run.

Ambassador Presents Credentials to President Duarte

1.3. (U) On February 1, Ambassador Cason presented his credentials before President Duarte at the Mariscal Lopez Presidential Palace. During the meeting that preceded the

ceremony, the Ambassador and Duarte discussed the impediments to reform in Paraguay. The Ambassador stated to Duarte that he hoped to soon hear about the status of the Millennium Challenge Cooperation's Threshold proposal. President Duarte expressed appreciation for U.S. support of his reform initiatives. Following the ceremony, the Ambassador articulated to the press his intention to increase trade between the two countries, to boost the number of Paraguayans studying in the U.S., and to support Paraguay's effort to formalize its economy and create greater transparency in government. The ceremony was well covered by the local media in daily newspapers.

Who Owns the Plane?

¶4. (U) In response to accusations by Oswaldo Dominguez Dibb's (ODD) newspaper last week, President Duarte denied owning an airplane valued at USD 300,000. On 2/2, the Controller's Office announced to the press that it would look to the Attorney General's office to investigate who owned the 1969 HS 125 Hawker Jet, used by the President. The airplane would be an inconceivable purchase on Duarte's salary as President of Paraguay. Duarte has stated that he does not own a plane or any vehicle or property that is not listed in his declaration of assets. Duarte's lawyer, however, could not identify who actually owns the plane.

Thousands March to Commemorate the Anniversary of End of Stroessner's Rule

¶5. (U) On 2/2, approximately 2,500 people marched through downtown Asuncion to commemorate the 17th anniversary of the February 2-3, 1989 end of Stroessner's reign in Paraguay. The marchers, representing a variety of social and political organizations, were led by the President of the National Commission on Human Rights, Luis Alfonso Resck. Resck delivered a speech cautioning against a concentration of power in the national government and honored his colleagues who were tortured and killed during the Stroessner era. Leaders of the political opposition parties (the Liberals (PLRA), Patria Querida (PQ), and Pais Solidario (PS)) were also present. In addition, some people took advantage of the marches to protest the imprisonment of convicted coup plotter Lino Oviedo. Ostensibly, Colorado Party leaders neither attended nor delivered statements on the occasion.

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